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SUBJECT: COTE D'IVOIRE: COCOA SECTOR OFFICIALS ARRESTED AS
PART OF ANTI-CORRUPTION CAMPAIGN

11. (U) Summary: Twenty-three top officials of the cocoa/coffee sector were indicted on June 13 on charges of embezzlement, breach of trust, misuse of corporate assets, fraud, and forgery. As of June 23, 12 of the 23 were under arrest. Those arrested include close associates of the ruling FPI party. The arrests are part of an anti-corruption campaign that President Gbagbo promised last year and which few expected would yield significant results. Speculation as to whether the current campaign is motivated in part by political factors is rife, but regardless of the motivation the arrests represent the first concrete action taken by the Gbagbo regime in many years to stem corruption. End Summary.

RESULTS OF A LONG AWAITED INQUIRY ANNOUNCED

12. (U) Cote d'Ivoire's chief prosecutor, Raymond Tchimou, held a press conference June 13 to announce the results of a months long investigation, conducted at the request of President Gbagbo, into mismanagement of cocoa funds and corruption in the cocoa sector. Tchimou named 23 individuals whose activities were suspicious enough to warrant indictment. The names were passed on to a senior investigating judge (Doyen des Juges d'Instruction), whose responsibility it is to interview each individual and determine whether prosecution is warranted. Interviews of the 23 began on June 17.

13. (U) The first arrests were carried out on June 18 when Henri Kassi Amouzou, Chairman of the Development and Promotion Fund of Coffee and Cocoa Producers, was taken into custody along with Theophile Kouassi, Executive Secretary of the Development and Promotion Fund of Coffee and Cocoa Producers, and Obogui Rosine Amena, Financial Director of the same organization. Lucien Tape Do, Chairman of the Coffee and Cocoa Exchange, Kassi Kadio Tanoh, Director General of the Exchange, and Viviane Mensah, Financial Director of the Exchange, were arrested on June 19. On June 20, Angeline Kili, Chairperson of the Cocoa Financial Regulatory Body, was arrested along with Firmin Kouakou, Director General of the Financial Regulatory Body, and Sophie Bolou Dago, Financial Administrator of the Financial Regulatory Body. On June 23, Lambert Toh Digbeu, former Financial Director of the Development and Promotion Fund of Coffee and Cocoa Producers, Saraka Koffi Souanga of private company SIMATP, and Alfred Sokouri Gnako, Financial Director of the Loan Guarantee Fund of Cocoa/Coffee Cooperatives, were also arrested. More arrests could be made; no trial date(s) has been set for those in custody.

ADDITIONAL BACKGROUND

14. (U) In October 2007, President Gbagbo ordered an investigation into the cocoa/coffee sector after allegations of embezzlement surfaced publicly. Cocoa officials then

began to point fingers at each other in the media. Investigations in Cote d'Ivoire and the U.S., including the 2003 purchase of the Fulton cocoa factory in New York from Nestle by the Cocoa Financial Regulatory Body, revealed irregularities in budgets, over billing, payment of exorbitant salaries and benefits, conversion of loans into subsidies, non-functioning of some firms acquired by the cocoa regulatory bodies, and the non-payment of dividends. Because a number of the officials involved had close ties to powerful FPI figures, such as FPI President Affi N'Guessan, there was skepticism about the government's willingness to take action. The inclusion of Lucien Tapeh Do, a frequent visitor to the Presidency, and that of Angeline Kili, one of N'Guessan's proteges, among the arrestees is viewed as a demonstration, however, of the government's seriousness in this particular anti-corruption campaign.

15. (U) These arrests will not, however, resolve many of the problems that are now inherent to the cocoa sector. In 2000, the Government of Cote d'Ivoire began the liberalization of the cocoa/coffee sector in order to end a guaranteed price system controlled by the state-run cocoa marketing board, Caistab, and replace Caistab with independent cocoa industry regulatory bodies. However, the bad management of these entities has recurrently caused disruptive strikes and protests by farmers. Foreign donors have denounced the lack of transparency and poor governance in the cocoa sector. President Gbagbo established a reform commission in 2004 to address these problems, but the commission's report, submitted to the President in 2005, was never made public. The fact that the government has now taken action to address the mismanagement and corruption in the cocoa sector may,

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however, be a sign that they are prepared to make significant changes.

16. (SBU) Comment. The embezzlement trial may pave the way for long-delayed reform of the Ivorian cocoa sector and serve as a deterrent to corruption. There is great speculation about the political motivation. Comment.
NESBITT